



# Key Employee Health Care Cost Reimbursement Insurance Program

## ExecSelect™



## *RECRUIT, REWARD, RETAIN, RESULTS*

The most valuable asset in most businesses is comprised of those key employees that execute on corporate strategies to fuel the growth of a successful business. Their contributions result not only in the success of the business, but also provide inspiration to others who work there.

So an important challenge for any business is to be able to Recruit and Retain the best employees who can drive growth throughout any organization. Rewarding the key executives with high quality benefits will produce the Results of success.

The Sankaty Light Key Employee Health Care Cost Reimbursement Insurance Program, known as ExecSelect™ ("Program"), is conceived as just such a Reward to be offered to those key employees the business owners want to Recruit and Retain.

The Program supplements a company's underlying major medical plan by providing cash reimbursement to key employees (and eligible dependents) for health care expenses not covered by the company's basic plan or other group health or government plan. Our Program covers payment for such things as deductibles, coinsurance, certain dental fees, vision care, and more.

Our Program provides for direct cash reimbursement of such out-of-pocket charges directly to the employee. In these times of ever-increasing deductibles, co-pays and exclusions, our Program is a particularly attractive Reward to help Recruit and Retain those executives designated by the business owner as vital to producing the Results desired by the business.

## Medical Expense Reimbursement

Our Program is offered with a generous \$100,000 maximum per calendar year. The “per occurrence” limit is 10% of the annual maximum (\$10,000). Our Program covers both the designated key employees and their dependents 24 hours a day, anywhere in the world.

Our Program reimburses a number of medical expenses that typically are paid for out-of-pocket by employees or their dependents.



### Reimbursed Medical Expenses:

- |                                                                                                      |                                                                                              |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Deductibles, coinsurance and co-pays;</li></ul>              | <ul style="list-style-type: none"><li>• Transportation needed for medical care;</li></ul>    |
| <ul style="list-style-type: none"><li>• Dental care and orthodontia;</li></ul>                       | <ul style="list-style-type: none"><li>• Prescription drugs;</li></ul>                        |
| <ul style="list-style-type: none"><li>• Eyeglasses, contact lenses, and other vision care;</li></ul> | <ul style="list-style-type: none"><li>• Certain over-the-counter drugs;</li></ul>            |
| <ul style="list-style-type: none"><li>• Hearing aids and examinations;</li></ul>                     | <ul style="list-style-type: none"><li>• Expenses for nervous and mental disorders;</li></ul> |
| <ul style="list-style-type: none"><li>• Annual physicals and preventive care;</li></ul>              | <ul style="list-style-type: none"><li>• Treatment for alcohol or drug use.</li></ul>         |
| <ul style="list-style-type: none"><li>• Professional nursing or physical therapy services;</li></ul> |                                                                                              |

To be covered, expenses must be for “medical care” as defined by Section 213 of the Internal Revenue Code. Section 213 also defines which over-the-counter medications qualify. Each person insured by our Program (employees and dependents) must remain covered by an underlying health plan or HDHP that meets a defined level of minimum benefits. Certain exclusions and limitations apply. For a complete listing of minimum benefits, exclusions, and limitations, refer to the Group master policy or speak to your Program representative.

## A Tax Advantaged Benefit

Our Program offers a significant tax advantaged Reward over company-funded or self-insured reimbursement plans. Unlike a self-insured plan, cash reimbursement payments paid through our Program are typically excluded from the gross income of the employee. Basically, the tax treatment of our Program is that all premiums paid by the employer are tax deductible expenses of the employer while the cash payments made to the key employees under our Program are typically not taxed to the employee. The following chart illustrates how our Program can provide substantial savings in taxes to the key employee.

Recipient's tax bracket	Total reimbursements	Self-Insured Plan	Sankaty Program
		Federal tax paid by recipient	Federal tax paid by recipient
32.0%	\$15,000	\$4,800	None
35.0%	\$15,000	\$5,250	None
37.0%	\$15,000	\$5,550	None

The following chart illustrates how our Program compares on an after-tax basis to a self-funded reimbursement plan whereby the employer would pay a cash bonus to a key employee to cover the employees out of pocket health care costs not covered by the basic company health care plan. This chart is based upon the concept that the employer would pay a cash bonus to a key employee equal to the amount of the health care cost being covered plus an additional amount to make the payment to the employee equivalent to being tax free.

Recipient's tax bracket	Total reimbursements	Federal tax liability of recipient*	Self-Insured bonus plan	Sankaty Program	Employer savings with Sankaty program
			Total Employer payment	Total employer payment	
32.00%	\$15,000	\$7,059	\$22,059	\$17,325	\$4,734
35.00%	\$15,000	\$8,077	\$23,077	\$17,325	\$5,752
37.00%	\$15,000	\$8,810	\$23,810	\$17,325	\$6,485

\*Total Federal Tax Gross-up to net \$15,000 to recipient



## Value-Adds at No Additional Cost



Along with medical expense reimbursement our Program includes Accidental Death and Dismemberment (AD&D) coverage, Sankaty Health Care Concierge, health care assistance, and TravelConnect travel assistance services. These value-added benefits are provided at no additional cost as part of our Program. *Value-added benefits are included with all our Program policies to provide additional protection over-and-above the supplemental medical reimbursement coverage.*

### Accidental Death and Dismemberment

With AD&D, if a covered employee loses their life due to a covered accident, a \$100,000 benefit is paid to the designated beneficiary. If a covered accident results in loss of limb or eyesight, a portion of the benefit is paid as determined by the severity of the injury. The AD&D benefit only covers the insured employee and is reduced to 70% at age 70 and terminates at age 80. Spouse and dependents are not eligible for AD&D coverage.

As with the medical reimbursement coverage, certain other exclusions and limitations apply to the AD&D coverage. For a complete description of minimum benefits, exclusions, and limitations, refer to the Group master policy or speak to your Program representative.

### Sankaty Light Benefits Concierge and emergency travel connect health care assistance

Please contact us at 844-SANKATY (844-726-5289) or by email at [info@sankatylight.com](mailto:info@sankatylight.com)

## Crum & Forster/United States Fire Insurance Company *underwriting partner*

- Financial stability
- World-class service
- Superior products
- Extensive local support
- Competitive pricing

### Backed by Financial Strength and Stability

Our ExecSelect™ Program is underwritten by the United States Fire Insurance Company, a Crum & Forster company. C&F and Crum & Forster are registered trademarks of United States Fire Insurance Company. The Crum & Forster group of companies is rated A (Excellent) by AM Best Company 2019.

Crum & Forster has a long history of underwriting leading group insurance products and is characterized by its financial strength and stability. With Crum & Forster's backing, your claims will be handled professionally, promptly and courteously with a strong commitment to client satisfaction.

For more information on this valuable coverage, contact the Sankaty Light Benefits administration offices at 844-SANKATY (844-726-5289) or visit [www.sankatylight.com](http://www.sankatylight.com).



Sankaty Light Benefits does not provide tax, legal or accounting advice. The material in these presentations is set forth solely for informational purposes, and is not intended to provide, and must not be relied on for, tax, legal or accounting advice. Readers should consult their own tax, legal and accounting advisors for advice on their specific situation.

#### THIS POLICY IS NOT A MEDICARE SUPPLEMENT POLICY.

THIS POLICY PROVIDES LIMITED COVERAGE. IT DOES NOT PROVIDE MAJOR MEDICAL OR COMPREHENSIVE MEDICAL INSURANCE.

This is a brief description of coverage provided under Form number GAP-90000-GP, and is subject to the terms, conditions, limitations and exclusions of the policy. Please see the policy and certificate for complete details. Coverage may vary or may not be available in all states. Plans are underwritten by United States Fire Insurance Company, Eatontown, NJ.

The insurance described in this document provides limited benefits. Limited benefit plans are insurance products with reduced benefits intended to supplement comprehensive health insurance plans. This insurance is not an alternative to comprehensive coverage. It does not provide major medical or comprehensive coverage medical coverage and is not designed to replace major medical insurance. Further, this insurance is not minimum essential benefits as set forth under the Patient Protection and Affordable Care Act.